

REDACTED. TO BE FILED UNDER SEAL

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE JUUL LABS, INC., MARKETING,
SALES PRACTICES, AND PRODUCTS
LIABILITY LITIGATION

Case No. 19-md-02913-WHO

**DECLARATION OF LOREE KOVACH IN
RESPONSE TO THE COURT'S REQUEST
FOR STEPS TAKEN TO IDENTIFY,
ANALYZE, AND HANDLE LIKELY
FRAUDULENT CLAIMS**

This Document Relates to:
CLASS ACTIONS

I, LOREE KOVACH, declare as follows:

1. My name is Loree Kovach. I am a Senior Vice President with Epiq Class Action & Claims Solution, Inc. I have approximately 20 years of experience overseeing all aspects of many large, complex, and high-profile consumer matters. With my extensive background in the class action administration space, I am routinely called upon by clients to provide strategic direction on the handling of large and complex data and claim sets. I received my Bachelor of Business Administration degree in finance from Florida State University and Juris Doctor degree from Florida State University College of Law. The following statements are based upon my personal knowledge and experience and information provided to me by other experienced Epiq employees working under my supervision, in addition to information provided to me by Epiq's digital payment partner on this matter, Digital Disbursements ("DD")¹, and if called upon, I could and would testify competently thereto.

2. This declaration supplements and provides additional detail regarding the claims referenced in Epiq's most recent *Supplemental Declaration of Cameron Azari, Esq., in Support of*

¹ Digital Disbursements, a wholly owned subsidiary of Western Alliance Bank, has been awarded more than 700 class action and mass tort settlement distributions from more than 25 different settlement administrators over the past 5 years. During this time, DD has handled more than 200,000,000 payment selections in class action and mass tort settlements. In 2023, DD published a report entitled, Digital Payments in Class Actions and Mass Torts.

1 *Class Plaintiffs’ Motion for Final Approval of Altria Class Action Settlement* (“Azari Declaration”)
2 and provides updated settlement administration statistics following the Court’s recent *Final*
3 *Approval of the Altria Settlement* (“Final Approval Order”) regarding the Altria Class Settlement
4 Agreement² in *In re JUUL Labs, Inc. Marketing, Sales Practices, and Products Liability Litigation*,
5 No. 19-md-02913-WHO, in the United States District Court for the Northern District of California
6 (the “Action”).

7 3. Epiq has administered more than 4,500 settlements, including some of the largest
8 and most complex cases ever settled. From 2020 through 2023 alone, Epiq handled printing for
9 more than 1.28 billion images, mailed more than 315 million pieces, sent more than 880 million
10 emails, and distributed more 64 million payments, totaling \$127 billion to recipients such as
11 claimants, class members, creditors, and cy pres recipients, among others for class actions, mass
12 torts, remediations, bankruptcies, and cyber incidents.

13 4. Unfortunately, the convenience and cost-efficiency of electronic claim filing, among
14 other things, have resulted in an increased opportunity for fraud. The concept of fraudulent claim
15 filing is not new in and of itself, but the scale and scope has increased dramatically in recent years
16 with the growing sophistication of “bot-filed” claims (computer programs written to file mass
17 claims and evade traditional fraudulent claim detection methods). The landscape is also very
18 dynamic, with bad actors continually changing their methods to evade steps that claims
19 administrators take to prevent, detect, and eliminate fraudulent claims. The methods employed
20 today by both the bad actors and administrators may not be the identical ones used a year or even
21 six months from now. But Epiq is confident that its processes have identified and will continue to
22 identify fraudulent claims in the JUUL and Altria matters.

23 5. This declaration outlines (a) the steps that Epiq and its digital payment partner on
24 this matter, “DD”, have taken, and are taking now, to determine as reasonably and as efficiently as
25

26 ² As used in this Declaration, capitalized terms shall have the definitions and meanings ascribed
27 to them in the Altria Class Settlement Agreement attached as Exhibit 1 to the Declaration of
28 Dena C. Sharp in Support of Preliminary Approval of the Altria Class Settlement, or such definitions and
meanings as are accorded to them elsewhere in this Declaration.

possible which claims have no or low indicia of fraud and should move forward to eligibility review³, which claims have medium indicia of fraud and need further verification, and which have high indicia of fraud and should be rejected, and (b) a recommended plan regarding how medium and high indicia claims will be handled.

6. This declaration includes detail regarding the specific indicia of fraud considered here, and the application of these multiple, weighted indicia to identify fraudulent claims filed in the JUUL and Altria settlements. Class Counsel and Epiq therefore seek to file under seal portions of this declaration. This request is not done out of a competitive concern (we assume many other administrators employ similar methods), but rather to prevent bad actors from getting a detailed roadmap on how to evade detection during the claims process and in future settlements.

SUMMARY OF FRAUD SCORING RESULTS AND RECOMMENDATIONS

7. As per the Azari Declaration, Epiq received a total of 14,488,748 claims during the JUUL and Altria claim periods. Even though a large number of the 14,452,436 online claims received appeared to be clearly fraudulent when they were filed, the parties requested that Epiq record all claims submitted and then employ best practices (after Final Approval) to identify potentially fraudulent claims before eligibility review.

8. Epiq, working with DD, has utilized an industry-leading fraud scoring model to classify these claims based on whether and to what extent they exhibit indicia of fraud. Epiq has determined the following:

a. 759,953 claims (5.26% of claims filed) exhibit No or Low Indicia of Fraud.

Epiq recommends passing these claims on to standard eligibility review. To the extent any claims in this bucket are currently deficient, necessary outreach will be performed in parallel with the Verification Process described in paragraph 9 below.

³ “Eligibility review” herein refers to the standard review conducted by administrators prior to distribution of claims submitted by legitimate claimants to identify and give claimants the opportunity to address facial deficiencies to a claim, such as missing claimant signature or missing required documentation where applicable. It is during this review that duplicative claims are also identified and addressed.

b. **2,499,216 claims (17.29% of claims filed) exhibit Medium Indicia of Fraud.**

Epiq recommends subjecting these claims to the Verification Process described below. Any Medium Indicia claims that are successfully verified will be passed on to eligibility review. Any Medium Indicia claims that are not verified will be rejected without further notice so as to avoid expending additional class funds.

c. **11,193,267 claims (77.45%) exhibit High Indicia of Fraud.** Epiq recommends

rejecting these clear and obvious fraudulent claims without expending further class funds to send rejection notices to the alleged claimants.

THE RECOMMENDED VERIFICATION PROCESS

9. Epiq believes that the vast majority of the Medium Indicia claims in this case are likely fraudulent. Blanket approval of these 2,499,216 claims would provide unwarranted settlement payments to many bad actors who are not class members and would significantly dilute the settlement payments to legitimate class members who used the products at issue in this case. However, to ensure that there is due process for claims that exhibit Medium (but not High) Indicia of Fraud, Epiq recommends the following Verification Process. Epiq will send an email to each Medium Indicia claimant with a link to a verification website. For any emails that are undeliverable, Epiq will resend the email to any other email address provided by the claimant during the original claim submission/payment selection process or, if approved and directed by the Court, send a text message to the phone number provided by the claimant. The verification website will provide an opportunity for the claimant to verify his or her claim using [REDACTED]. The verification website will also include enhanced fraud control tools, including, among other things:

- a. [REDACTED].
- b. [REDACTED].

c.

d.

e.

10. Claimants [REDACTED] will have the ability to download, complete, and mail in a verification form.

11. To balance the interests of all claimants, Epiq proposes a 20-day deadline for the Verification Process and recommends sending a reminder email to Medium Indicia claimants who do not respond within the first 10 days. Within 20 days after the completion of the Verification Process, Epiq will notify counsel regarding the number of Medium Indicia claimants who successfully verified their claims.

THE FRAUD SCORING MODEL

12. Epiq utilized a fraud scoring model powered by 26 separate potential indicia of fraud to classify the JUUL/Altria claims as having No/Low Indicia of Fraud, Medium Indicia of Fraud, or High Indicia of Fraud. These individual indicia, which are discussed in detail below, were selected based on the available data in this case as well as on the experience and data relating to hundreds of cases administered and millions of payments distributed by Epiq during the past few years and more than 200 million payment selections received by DD across more than 700 cases during the past five years.

1 13. Although the fraud scoring model is necessarily complex because bad actors try
2 different tactics from one settlement to the next, the model includes several essential and
3 noteworthy elements:

- 4 a. The goal of the model is to correctly identify as many of the fraudulent claimants
5 as possible without incorrectly identifying, unduly burdening, or deterring
6 legitimate claimants.
- 7 b. Epiq believes that it is a better practice to use a fraud scoring model that
8 recognizes that, in many settlements, there will be some number of claims (i.e.,
9 Medium Indicia claims) that will need further review (i.e., the recommended
10 Verification Process), rather than forcing a binary judgment of fraud/no fraud for
11 100% of claims.
- 12 c. Each indicia is separately weighted based on how strongly it is associated with
13 fraud. The individual factors, by themselves, are scored as low, medium, or high
14 indicia of fraud.
- 15 d. When all 26 weighted indicia are combined, the fraud scoring model determines
16 whether each individual claim receives an overall classification of No/Low
17 Indicia of Fraud, Medium Indicia of Fraud, or High Indicia of Fraud. The
18 number, type, and weight of each indicia impact this determination.
- 19 e. Because most of the 26 individual indicia are conservatively scored as low (to
20 achieve the above-stated goal of identifying fraud without rejecting legitimate
21 claimants), the vast majority (99.18%) of the High Indicia of Fraud claims in
22 JUUL/Altria exhibit two or more of these 26 indicia of fraud (and more than
23 94.47% exhibit three or more indicia).
- 24 f. However, certain of the indicia are strong enough, by themselves, to score a
25 claim as having High Indicia of Fraud. For example, [REDACTED]
26 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 g. Although Epiq clearly recognizes the potential value that artificial intelligence,
4 machine learning, and deep learning can and will have in the class action
5 industry, including in the battle against fraud, Epiq is extremely sensitive to the
6 risks of algorithm bias that can lead to systemically prejudiced fraud scoring.
7 While these technologies can and are used to identify trends and new innovations
8 by bad actors, Epiq intentionally, for now, utilizes a fraud scoring system that is
9 developed by humans based on decades of data and experience and that does not
10 rely on AI, ML, or DL to reject claims.

11 **THE 26 INDICIA OF FRAUD UTILIZED IN JUUL/ALTRIA**

12 14. Epiq understands from the questions posed at the Final Approval Hearing that the
13 Court is interested in the issue of fraudulent claims in general and the specific application of factors
14 used to identify fraudulent claims filed in the JUUL and Altria settlements. The current factors
15 (indicia of fraud) that Epiq currently uses and has employed in this settlement are discussed below.

16 15. **Indicia 1:** [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

27 a. [REDACTED]
28

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 b. [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 c. Overall, 377,513 claims exhibit Indicia 1, i.e., [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 16. Indicia 2: [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 a. 1,359,959 of the claims in this case exhibit Indicia 2, i.e., [REDACTED]
24 [REDACTED]
25
26
27 4 [REDACTED]
28 [REDACTED]

- b. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- c. [REDACTED]
- [REDACTED]

17. **Indicia 3:** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- a. In this case, 1,122,422 claims exhibit Indicia 3, i.e., [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- d. The high prevalence of Indicia 3 in JUUL/Altria, i.e., [REDACTED]
- [REDACTED], is consistent with the increasing trend in
- other settlements. In 2021, DD received 180,312 [REDACTED] with

Indicia 3. In 2023, DD received 32,133,429 [REDACTED] with Indicia 3.

This represents a 17,721% increase in two years.

18. **Indicia 4:** [REDACTED]

a. In this case, 4,379,728 claims exhibit Indicia 4, i.e., [REDACTED]

b. [REDACTED]

c. [REDACTED]

19. **Indicia 5:** [REDACTED]

a. In this case, 4,116,054 claims exhibit Indicia 5, i.e., [REDACTED]

- b. [REDACTED]
[REDACTED]
[REDACTED]
- c. [REDACTED]
[REDACTED]
- d. The high prevalence of Indicia 5 in JUUL/Altria, i.e., [REDACTED]
[REDACTED], is consistent with the increasing trend in other
settlements. In 2021, DD received only 8,718 [REDACTED] with Indicia 5.
In 2023, DD received 28,769,649 [REDACTED] with Indicia 5. This
represents an increase of 32,990% in two years.

20. **Indicia 6:** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5

1 a. In this case, 6,150,988 claims exhibit Indicia 6, i.e., [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 b. [REDACTED]

5 [REDACTED]

6 [REDACTED] [REDACTED]

7 [REDACTED] [REDACTED]

8 [REDACTED] [REDACTED]

9 [REDACTED] [REDACTED]

10 [REDACTED] [REDACTED]

11 [REDACTED] [REDACTED]

12 [REDACTED] [REDACTED]

13 c. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

21. **Indicia 7:**

a. In this case, 5,488,987 claims exhibit Indicia 7, i.e.,

b. The high prevalence of Indicia 7 in JUUL/Altria, i.e.,

, is consistent with the increasing trend in other cases. In 2021, DD received only 172,477 with Indicia 7. In 2023, DD received 49,345,950 with Indicia 7. This represents an increase of 28,510% in just two years.

22. **Indicia 8:**

a. In this case, 19,502 claims exhibit Indicia 8, i.e.,

b.

23. Indicia 9:

a. In this case, 17,899 claims exhibit Indicia 9, i.e.,

b.

24. Indicia 10:

a. In this case, 10,847,150 claims exhibit Indicia 10, i.e.,

b.

c.

25. **Indicia 11:**

a. In this case, 10,117,250 claims exhibit Indicia 11, i.e.,

b.

c.

d. The high prevalence of Indicia 11 in JUUL/Altria, i.e.,

, is consistent with the increasing trend in other settlements. In 2021, DD received only 44,951 with Indicia 11. In 2023, DD received 21,625,983 with Indicia 11. This represents an increase of 48,010% in just two years.

26. **Indicia 12:**

1 [REDACTED]

2 [REDACTED]

3 a. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 b. Overall, 3,188,585 claims in this case exhibit Indicia 12, i.e., [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 27. Indicia 13: [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 a. In this case, 459,673 claims exhibit Indicia 13, i.e., [REDACTED]

20 [REDACTED]

21 28. Indicia 14: [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 a. In this case, 1,633,755 claims exhibit Indicia 14, i.e., [REDACTED]
5 [REDACTED]

6 29. Indicia 15: [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 b. In this case, 6,985,745 claims exhibit Indicia 15, i.e., [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 30. Indicia 16: [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

b. In this case, 7,874,177 claims exhibit Indicia 16, i.e., [REDACTED]

31. **Indicia 17:** [REDACTED]

a. In this case, 903,111 claims exhibit Indicia 17, i.e., [REDACTED]

32. **Indicia 18:** [REDACTED]

a. In this case, 961,036 claims exhibit Indicia 18, i.e., [REDACTED]

1 c. [REDACTED]

2 [REDACTED]

3 d. The prevalence of Indicia 18 in JUUL/Altria, i.e. [REDACTED]

4 [REDACTED], is consistent with the increasing trend in other settlements. In 2021, DD
5 received only 110,107 [REDACTED] with Indicia 18. In 2023, DD received
6 7,678,272 [REDACTED] with Indicia 18. This represents an increase of
7 6,873% in just two years.

8 33. **Indicia 19:** [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 a. In this case, 10,498,636 claims exhibit Indicia 19, i.e., [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 34. **Indicia 20:** [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 a. In this case, 12,124,020 claims exhibit Indicia 20, i.e., [REDACTED]

35. Indicia 21:

a. In this case, 1,453,769 claims exhibit Indicia 21, i.e.,

36. Indicia 22:

a. In this case, 1,714,152 claims exhibit Indicia 22, i.e.,

37. Indicia 23:

a. In this case, 12,114,821 claims exhibit Indicia 23, i.e.,

38. Indicia 24:

1 [REDACTED]
2 [REDACTED]
3 a. In this case, 12,683,196 claims exhibit Indicia 24, i.e., [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 39. Indicia 25: [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 a. In this case, 742,263 claims exhibit Indicia 25, i.e., [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 40. Indicia 26: [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 a. In this case, 631,336 claims have Indicia 26, i.e., [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 **ANALYSIS OF CLAIMS BY OR IN THE NAME OF DIRECT PURCHASERS**

22 41. Epiq received 178,805 claims relating to direct purchasers of covered products,
23 identified based on records provided by JUUL to Epiq of purchases made directly from JUUL's
24 website. While most of these claims have no indicia of fraud and will move on to eligibility review,
25 a subset do have some indicia of fraud. Epiq plans to further analyze these claims and any indicia
26 of fraud present, [REDACTED]
27 [REDACTED]
28

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 42. Any direct purchaser claimants that are not in the Low/No Indicia bucket after
12 further analysis will be given the opportunity to participate in the Verification process, even if they
13 fall into the High Indicia bucket.

14 **ANALYSIS OF CLAIMS WHICH REPORTED**

15 [REDACTED] **IN PURCHASES**

16 43. Class counsel has calculated that [REDACTED] of claimed retail
17 purchases is unrealistic and potentially fraudulent. Purchasing [REDACTED]
18 [REDACTED] is equivalent to purchasing [REDACTED]
19 [REDACTED]. Put another way, because the settlement class excludes purchases for
20 resale, a claimant would have to purchase for personal use the equivalent of [REDACTED] JUULpods per
21 day, every day for a year, to [REDACTED]. Claimed purchases at this level
22 warrant further scrutiny. This analysis applies to retail purchases (the vast majority of which were
23 claimed without supporting documentation) and does not include documented purchases directly
24 from JUUL's website. Epiq has determined that 16,529 online claims reported [REDACTED]
25 [REDACTED] in purchases of covered products. Overall, the vast majority (72%) of these 16,529 claims
26 independently exhibit High Indicia of Fraud (57%) or Medium Indicia of Fraud (15%). The
27 remainder of these claims (28%) exhibit Low/No Indicia of Fraud. Class Counsel have determined,
28

consistent with Epiq's recommendation, that the 28% originally in the Low/No Group will be moved to the Medium Group so that this 28% plus the 15% already in the Medium Group (for a total of 43%) go through the Verification Process. The 57% High Group would be denied without notice (like the rest of the High Group).

UPDATE REGARDING COSTS OF NOTICE AND ADMINISTRATION

44. As detailed in the Azari Declaration, as of February 12, 2024, Epiq invoiced \$1,515,069.02 to implement the Altria Settlement Notice Plan and administer the Altria Class Settlement and previously invoiced \$3,038,170.38 in connection with the notice and administration of the JUUL Class Settlement (a combined total of \$4,553,239.40). Since the Azari Declaration was filed with the Court, Epiq has invoiced an additional \$78,094.15 for continued settlement administration of the Altria Settlement and \$50,487.77 for the JUUL Settlement (an updated combined total of \$4,681,821.32). These amounts include media, print, email, postage, claim intake, email and telephone correspondence and other necessary administrative tasks for both settlements. Considerable, additional costs for both Settlements are still expected to complete final claims determinations and distribute the Settlement Funds.

45. The Azari Declaration also provided Epiq's estimate for the total cost to provide all notice and administration services for both Settlements of between \$8.55 million and \$9.66 million, based on a number of presumptions set forth in the Azari Declaration. Based on additional settlement administration work and claims analysis Epiq has completed since the Azari Declaration was filed with the Court, Epiq has revised and reduced the total cost estimate (from \$8.55 million to \$9.66 million) to between \$7.21 million and \$7.5 million. The revised and reduced total cost estimates to provide the remaining settlement administration and distribution services to individual Class Members still includes some uncertainty, thus the estimated range for total costs. This is more than the "up to \$6,000,000 for administration for both the JUUL and Altria Class Settlements" the Court previously authorized in the *Final Approval of the JLI Settlement*, EF No. 4138.

46. The main two areas of remaining cost uncertainty that will materially impact the total administrative cost are: 1) the remaining, significant effort being expended to identify fraudulent

claims and to implement the Verification Process and review the verification attempts; and 2) the resulting number of individual Class Member payments that will need to be made (primarily the cost of providing electronic and paper check payments). The estimated amounts are based on the following assumptions:

- a. Over eight million Claims were filed for an amount equal to or greater than \$300 and did not provide any supporting documentation of purchases, making those Claims defective.
- b. Notice of deficient claims will only be sent to Claimants in the Low/No Indicia of Fraud group (originally, or after the Verification Process).
- c. Approximately 17% of all online Claims have Medium Indicia of Fraud, resulting in the need to send over 2.4 million Verification Process emails.
- d. Although it is difficult to predict how many Medium Indicia claimants will attempt verification (and thus how many attempts will need to be reviewed), Epiq assumes that less than 20% of the Medium Indicia claimants will successfully verify and be moved to the Low/No Indicia Group (and be passed to eligibility review).
- e. Manual review of over 200,000 Claim submissions received to date with documents attached, plus any other documents Epiq receives as part of final claims eligibility review; and
- f. Ultimate payment of an estimated 750,000 to 1.5 million Claims. This estimate is based on the total Claims received, past experience of cases with highly fraudulent claim activity, defective cure rates, and Epiq's preliminary review of facially valid and complete Claim submissions.

47. At the outset of the Altria Settlement, Epiq initially estimated the cost to provide notice and administrative services for both settlements would cost approximately \$7.62 million, combined, which reflected the efficiencies to be gained by combining certain notice elements and the claims review and distribution of both settlements. Epiq's initial cost estimates were based on a

total of 2 to 3 million claims across both settlements. Epiq received over 14.4 million claims. That is 480 to 700% more claims than anticipated, resulting in our current cost projections to close both projects.

48. Epiq's revised and reduced total cost estimate includes a hard cap of \$7,500,000. Although the final cost amounts may change once the claims processing is complete and the final universe of valid payees is known, analysis of the claims has progressed enough such that Epiq is confident that, if the Court approves the fraud analysis and Verification Process outlined above, costs will be at or below the cap. Thus, Epiq has committed not to invoice Class Counsel for settlement administration services in these Settlements for costs that exceed \$7,500,000, if any, assuming approval of the fraud analysis and Verification Process outlined herein.

CONCLUSION

49. Epiq has worked diligently to ensure all aspects of the notice and settlement administration have been handled efficiently and in the most prudent manner possible, even while addressing all the issues and complexities associated with the Settlements, including handling the large claim filing volume and significant number of potentially fraudulent claims.

50. Epiq will continue to work with Class Counsel and will provide Class Counsel with routine progress reports regarding implementation of the Altria Settlement Notice as claims administration continues prior to the distribution phase.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 24, 2024.



Loree Kovach